

**COWBOY FACILITIES, INC.**  
**Lake Charles, Louisiana**

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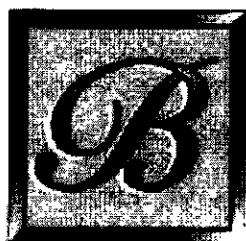
**Annual Financial Report**  
**June 30, 2007**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 9/5/07

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Founded in 1978

## BROUSSARD & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS, L.L.C.

### INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Cowboy Facilities, Inc.  
Lake Charles, Louisiana

We have audited the accompanying statement of financial position of Cowboy Facilities, Inc., a nonprofit organization, as of June 30, 2007, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Cowboy Facilities, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cowboy Facilities, Inc., as of June 30, 2007, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 17, 2007 on our consideration of Cowboy Facilities, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*Broussard & Company*

Lake Charles, Louisiana  
August 17, 2007

**COWBOY FACILITIES, INC.**  
**Lake Charles, Louisiana**  
**Statement of Financial Position**  
**June 30, 2007**

<b>Assets</b>	
<b>Current Restricted Assets (Construction and Revenue Bonds)</b>	
Cash and cash equivalents	\$ 917,084
Accrued interest receivable	7,267
	<hr/>
Total Restricted Assets	924,351
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<b>Property, Plant and Equipment</b>	
Building and improvements	20,621,987
Accumulated depreciation	(3,508,342)
	<hr/>
Total Property, Plant and Equipment	17,113,645
	<hr/>
<b>Other Assets</b>	
Investments- restricted for Revenue Bonds	1,415,612
Deferred financing costs	1,133,667
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Total Other Assets	2,549,279
	<hr/>
Total Assets	\$ 20,587,275
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<b>Liabilities and Net Assets</b>	
<b>Liabilities</b>	
<b>Current Liabilities (payable from restricted assets)</b>	
Current portion of revenue bonds payable	\$ 620,000
Accrued interest payable	209,332
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Total Current Liabilities (payable from restricted assets)	829,332
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<b>Long-Term Liabilities</b>	
Revenue bonds payable	20,971,979
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Total Long-Term Liabilities	20,971,979
	<hr/>
Total Liabilities	21,801,311
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<b>Net Assets</b>	
Restricted for debt service and construction	95,019
Unrestricted	(1,309,055)
	<hr/>
Total Net Assets	(1,214,036)
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Total Liabilities and Net assets	\$ 20,587,275
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The accompanying notes are an integral part of this statement

**COWBOY FACILITIES, INC.**  
**Lake Charles, Louisiana**  
**Statement of Activities**  
**For The Year Ended June 30, 2007**

**Unrestricted Net Assets:**

**Revenues and Other Support:**

Rental income	\$ 2,944,308
Interest income	51,220
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Total Unrestricted Revenues and Other Support	2,995,528
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**Expenses:**

Management expense	748,891
General administration	2,146
Depreciation expense	861,382
Amortization expense	57,993
Interest expense	1,182,976
	<hr/>
Total Operating Expenses	2,853,388
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Increase (decrease) in Unrestricted Net Assets	142,140
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Net Assets - Beginning of Period	(1,356,176)
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Net Assets - End of Period	\$ (1,214,036)
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**COWBOY FACILITIES, INC.**  
**Lake Charles, Louisiana**  
**Statement of Cash Flows**  
**For The Year Ended June 30, 2007**

Cash Flows from Operating Activities:	
Change in Net Assets	\$ 142,140
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:	
Depreciation and amortization expense	919,375
Decrease in accrued interest payable	(6,677)
Total Adjustments	912,698
Net Cash Provided by Operating Activities	1,054,838
Cash Flows from Investing Activities:	
Acquisition of Fixed Assets	(469,707)
Net Cash (Used) in Investing Activities	(469,707)
Cash Flows from Financing Activities:	
Principal payments on bonds	(595,000)
Amortization of bond discount	15,116
Net Cash Provided by Financing Activities	(579,884)
Net Increase in Cash and Cash Equivalents	5,247
Cash and Cash Equivalents - Beginning of Period	911,837
Cash and Cash Equivalents - End of Period	\$ 917,084
Supplemental Information	
Cash paid for interest	\$ 1,174,537

The accompanying notes are an integral part of this statement

**COWBOY FACILITIES, INC.**  
**Lake Charles, Louisiana**  
**Notes to Financial Statements**  
**June 30, 2007**

**Note 1 - Summary of Significant Accounting Policies**

The financial statements of Cowboy Facilities, Inc. (the Corporation) have been prepared on the accrual basis. The significant accounting policies that follow are provided to enhance the usefulness of the financial statements to the reader.

**Organization**

Cowboy Facilities, Inc. is a Louisiana nonprofit corporation created exclusively to promote, assist, and benefit the educational, scientific, research, and public service mission of McNeese State University by engaging in any lawful activity in which a nonprofit corporation meeting the requirements of Section 501 (c)(3) of the Internal Revenue Code may participate. The Corporation has not applied for a determination letter from the Internal Revenue Service regarding its status as a 501 (c)(3) corporation.

The business affairs of the Corporation are administered by a five member Board of Directors, who also comprise the entire membership of the Corporation. The Board of Directors serve without compensation.

In accordance with its Articles of Incorporation, the Corporation may specifically engage in acquiring, constructing, developing, managing, leasing, mortgaging or conveying student housing and other facilities on the campus of the University.

The entity is a component unit of McNeese State University. A component unit is defined as a legally separate organization for which the primary government (McNeese State University) is financially accountable. The criteria used in determining whether financial accountability exists include the appointment of a voting majority of an organization's governing board, the ability of the primary government to impose its will on that organization or whether there is a potential for the organization to provide specific financial benefits or burdens to the primary government. Fiscal dependency may also play a part in determining financial accountability.

**Method of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting, in accordance with generally accepted accounting principles.

**Cash and Cash Equivalents**

Cash and cash equivalents include investments in highly liquid debt instruments with a maturity of three months or less.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**COWBOY FACILITIES, INC.**  
**Lake Charles, Louisiana**  
**Notes to Financial Statements**  
**June 30, 2007**

**Note 1 -Summary of Significant Accounting Policies (Continued)**

Property and Equipment

Property and equipment is stated at cost. It is the Organization's policy to capitalize expenditures for these items in excess of \$5000. Depreciation of property and equipment is computed principally by the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and improvements	30
Furniture, fixtures and equipment	10 - 20

Financial Statement Preparation

The Corporation has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Corporation is required to present a statement of cash flows.

Contributions

The Corporation has also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made." Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Deferred Financing Costs

The cost of issuing revenue bonds is deferred and amortized over the life of the bonds as a financing expense. In the event all remaining bonds outstanding under a particular issue are retired, the unamortized balance is recognized as a component of the loss from the early extinguishment of debt.

Bond Discounts

Original issue discounts realized upon issuance of bonds are deferred and presented as a reduction of the face amount of bonds payable on the balance sheet. The deferred amount is amortized over the life of the bonds as a component of interest expense. In the event all remaining bonds outstanding under a particular issue are retired, the unamortized balance is recognized as a component of the loss from the early extinguishment of debt.

Investments

Investments are stated at cost which approximates fair value and consist of guaranteed investment contracts.



**COWBOY FACILITIES, INC.**  
**Lake Charles, Louisiana**  
**Notes to Financial Statements**  
**June 30, 2007**

**Note 2 -Facilities Lease Agreement**

As of May, 2001, the Corporation entered into an agreement with the Board of Trustees on behalf of McNeese State University to lease to the Board the Facilities of the Corporation effective as of the date of completion of the construction. The Board agrees to pay the Base Rental semiannually, on each April 15 and October 15 during the term of the lease in an amount equal to the interest and principal due on the Revenue Bonds on the following May or November 1, as the case may be. In addition to the Base Rental, the Board agrees to pay as Additional Rental any and all expenses incurred by the Corporation, on behalf of the Board or University in the management, operation, ownership, and/or maintenance of the Facilities.

As of January, 2004, the Corporation entered into an agreement with the Board of Trustees on behalf of McNeese State University to lease to the Board the Facilities (Parking Improvements). The Board agrees to pay the Rental semiannually, on each June 15 and December 15 during the term of the lease in an amount equal to the interest and principal due on the Series 2004 Bonds on the following July 1 or January 1, as the case may be. Also, annually on December 15 in each year commencing December 15, 2004, an amount equal to \$11,217 shall be deposited in the Maintenance Reserve Fund. In addition to the Rental, the Board agrees to pay any and all expenses incurred by the Corporation, on behalf of the Board or University in the maintenance, operation, ownership, and/or maintenance of the Facilities.

As of April, 2005, the Corporation entered into an agreement with the Board of Trustees on behalf of McNeese State University to lease to the Board the Facilities (Scoreboard Improvements). The Board agrees to pay the Rental semiannually, on each March 15 and September 15 during the term of the lease in an amount equal to the interest and principal due on the Series 2005 Bonds on the following October 1 or April 1, as the case may be. Also, annually on April 15 in each year commencing April 15, 2006, an amount equal to \$30,000 shall be deposited in the Reserve Fund. In addition to the Rental, the Board agrees to pay any and all expenses incurred by the Corporation, on behalf of the Board or University in the maintenance, operation, ownership, and/or maintenance of the Facilities.

**Note 3 -Long-Term Debt**

On May 31, 2001, Cowboy Facilities, Inc. entered into a loan agreement with the Calcasieu Parish Public Trust Authority to obtain financing of the construction of student housing facilities on the campus of McNeese State University. Financing of the project is through the issuance of \$21,120,000 University Student Lease Revenue Bonds, Series 2001. The Bonds have yearly fixed rate of interest at an average yield of 5.399% and are due in varying installments through 2033. Proceeds from the Bond issuance are used to pay the costs of the project; fund a deposit to the reserve funds; to pay capitalized interest on the Bonds; and to pay costs of issuance of the Bonds.

On February 1, 2004, the Cowboy Facilities, Inc. entered into a loan agreement with the Calcasieu Parish Trust Authority to obtain financing of the construction of public parking facilities at the Doland Athletic Complex. Financing of the project is through the issuance of \$820,000 University Revenue Bonds, Series 2004. The Bonds have yearly fixed rate of interest at 4.73% and are due in varying installments through 2014.

**COWBOY FACILITIES, INC.**  
**Lake Charles, Louisiana**  
**Notes to Financial Statements**  
**June 30, 2007**

**Note 3 – Long-Term Debt (continued)**

On April 1, 2005, the Cowboy Facilities, Inc. entered into a loan agreement with the Calcasieu Parish Trust Authority to obtain financing of the construction of scoreboard improvements at various athletic locations on the campus of McNeese State University. Financing of the project is through the issuance of \$1,900,000 McNeese State University – Cowboy Facilities, Inc. Scoreboard Project Taxable Revenue Bonds. The Bonds have a yearly fixed rate of interest at 6.5% and are due in varying installments through 2015.

Scheduled sinking fund requirement on the long-term debt are as follows:

2008	\$ 620,000
2009	655,000
2010	685,000
2011	720,000
2012	755,000
Thereafter	<u>18,500,000</u>
 Total long-term debt	 <u>\$21,935,000</u>

Scheduled annual debt service:

Year	Principal	Interest
2008	\$ 620,000	\$ 1,146,438
2009	655,000	1,116,707
2010	685,000	1,085,064
2011	720,000	1,051,704
2012	755,000	1,008,587
2013-2017	3,535,000	4,467,634
2018-2022	3,430,000	3,587,062
2023-2027	4,440,000	2,585,624
2028-2033	<u>7,095,000</u>	<u>1,360,274</u>
	<u>\$21,935,000</u>	<u>\$17,409,094</u>

Series 2001 Revenue Bonds (net of discount)	\$19,376,979
Series 2004 Revenue Bonds	\$ 605,000
Series 2005 Taxable Revenue Bonds	\$ 1,610,000

**COWBOY FACILITIES, INC.**  
**Lake Charles, Louisiana**  
**Notes to Financial Statements**  
**June 30, 2007**

**Note 4 - Capitalization of Interest**

FAS-34 (Capitalization of Interest Costs) requires that interest expenditures incurred during construction of assets be capitalized. FAS-62 (Capitalization of Interest Cost in Situations Involving Certain Tax-Exempt Borrowings and Certain Gifts and Grants) concludes that constructed assets financed with the proceeds of tax-exempt debt (if those funds are externally restricted to finance the acquisitions of the asset or used to service the related debt) should include capitalized interest only to the extent that interest cost exceeds interest earned on related interest-bearing investments acquired with proceeds of the related tax-exempt borrowing. Net interest costs capitalized totaled \$-0- during 2007.

**Note 5 - Cash, Cash Equivalents, and Investments**

In accordance with GASB, the investment in Guaranteed Investment Contracts and cash equivalent money market accounts is not categorized as subject to credit risk as provided by GASB because the investment and/or cash equivalent is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. Also, the Corporation does not have a policy for custodial credit or interest rate risk.



Founded in 1978

## BROUSSARD & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS, L.L.C.

### INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors  
Cowboy Facilities, Inc.  
Lake Charles, Louisiana

We have audited the financial statements of Cowboy Facilities, Inc., a nonprofit organization, as of and for the year ended June 30, 2007, and have issued our report thereon dated August 17, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Cowboy Facility, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Cowboy Facility, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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Board of Directors  
Cowboy Facilities, Inc.

**Compliance**

As part of obtaining reasonable assurance about whether Cowboy Facilities, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Louisiana Legislative Auditor and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Brassard & Company*

Lake Charles, Louisiana  
August 17, 2007

**COWBOY FACILITIES, INC.**  
**Lake Charles, Louisiana**  
**Schedule of Findings**  
**June 30, 2007**

**A. Summary of Independent Auditor's Results:**

1. Unqualified opinion on the financial statements.
2. Significant deficiencies or material weaknesses in internal control – Refer to B-1.
3. No instances of noncompliance noted.

**B. GAGAS Findings**

1. None.

**C. Prior Audit Findings**

1. None